

From: Jerry C. Walker <icbanm@nm.net>
To: Selected ICBA/NM Members <jerry@icbanm.org>
Sent: Tue Nov 22 15:45:24 2005
Subject: Wal-Mart ILC Application

Good afternoon:

As you are aware, Wal-Mart is continuing its efforts to enter t
applied to purchase an industrial loan charter in the State of

Earlier today ICBA - in conjunction with ICBA/NM and one-hundre
state associations - signed onto a letter asking the FDIC Regio
Governor to reject the application.

You can view the letter to the FDIC by clicking this link: Wal
<[http://209.198.146.53/documents/wal-mart ccba letter.pdf](http://209.198.146.53/documents/wal-mart_ccba_letter.pdf)>

The letter to Governor Huntsman can be viewed by clicking this
<[http://209.198.146.53/documents/wal-mart letter to utah gov.pd](http://209.198.146.53/documents/wal-mart_letter_to_utah_gov.pd)>

ICBA and ICBA/NM are pleased to continue fighting to protect yo
when other banking associations turn a blind eye or deaf ear to
you for your support of our efforts.

<<http://www.icbanm.org>>

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November 22, 2005

rec'd 11/22/2005
SFRD - FDR

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

Re: Comments and Request for Public Hearings Regarding FDIC
Application #20051977; Wal-Mart Application for Insurance and
Industrial Bank Charter

Dear Mr. Carter:

On behalf of the Council of Community Banker Associations (CCBA), and in conjunction with our national trade association, the Independent Community Bankers of America (ICBA), and the 7,000 community banks nationwide that we collectively represent, we are writing to strongly oppose the application of Wal-Mart Stores, Inc., to charter an industrial bank in Utah.

A Wal-Mart Bank with branches in its retail stores nationwide would do irreparable harm to local communities and local businesses, including community financial institutions, and pose a severe systemic risk to our nation's economy.

We are unconvinced that Wal-Mart would adhere to a non-binding commitment to operate only a limited charter. Wal-Mart's chief executive stated publicly that he wants to grow the company and provide financial services to its customers. Wal-Mart cannot achieve these goals through a narrow charter. We urge the FDIC to view this application in the context of Wal-Mart's publicly-stated goals.

Specifically, the CCBA objects to Wal-Mart's application for an industrial bank for the following reasons:

- Wal-Mart Bank would violate long-standing U.S. policy, most recently reaffirmed in the Gramm-Leach-Bliley Act of 1999, of maintaining the separation of banking and commerce. Separating banking and commercial interests guards against excessive concentration of economic power, it ensures the impartial allocation of credit, protecting the economy against conflicts of interest, and it safeguards

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against the improper extension of the federal safety net, which would put taxpayer dollars at risk.

- Wal-Mart Bank would pose severe risks to the Bank Insurance Fund and to the banking system itself. Wal-Mart is the world's largest corporation (more than 5,000 stores worldwide, \$285 billion annual revenues, 1.6 million employees, 100 million customers per week). It faces risks (stability of supply market, international currency fluctuations, transportation costs, etc.) not normally associated with banking. Failure of Wal-Mart Bank or its parent company would produce staggering losses to the FDIC fund and pose catastrophic systemic risks to our economy.
- Wal-Mart Bank would raise serious safety and soundness concerns because it would operate outside the consolidated supervisory framework Congress established for owners of insured banks. We recognize that the ILC itself would be subject to both FDIC and state regulation. However, Wal-Mart would not be subject to Federal Reserve supervision, as are bank holding companies. Without regulatory scrutiny at the ownership level, an ILC owner could enter into financial arrangements that put the solvency of the bank and parent at risk. The Federal Reserve can establish consolidated capital requirements to ensure that owners are a source of financial strength. Wal-Mart would not be subject to such requirements. The Federal Reserve also has broad authorities over bank holding companies to require actions if the ownership poses a risk to the bank. Wal-Mart would not be subject to such authorities.
- Wal-Mart Bank would create competitive imbalances in the banking world, threatening small businesses, including community banks. Wal-Mart is frequently criticized for de-stabilizing communities and having a destructive impact on local businesses. Its predatory pricing policies have driven thousands of local companies out of business, to the detriment of those communities. Wal-Mart could do the same to community banks, depriving affected communities of a strong stakeholder resource. Wal-Mart Bank would divert capital out of the community, and could skew loan decisions by steering capital away from businesses that compete with it.

Wal-Mart Bank would produce a dangerous concentration of economic power and resources that would pose severe systemic risks to our economy. Think what would have happened if Enron or WorldCom owned a bank. Our nation cannot afford to take that risk. The Wal-Mart application should be denied.

In addition, because of the enormous public interest, severe potential economic consequences, and far-reaching public policy implications of this application, we urge you to hold public hearings to give interested parties the opportunity to express their views.